



GREATER NORTH DAKOTA CHAMBER
HB 1168
House Finance and Taxation Committee
Chair Craig Headland
January 9, 2023

Mr. Chairman and members of the House Finance and Taxation Committee, my name is Andrea Pfennig with the Greater North Dakota Chamber. GNDC is North Dakota's largest statewide business advocacy organization, with membership represented by small and large businesses, local chambers, and trade and industry associations across the state. We are also the state affiliate for the National Association of Manufacturers. We stand in **support** of House Bill 1168.

In 2019, the Automation Tax Credit was approved for a period of four years with a \$1 million limit on the credits available in each calendar year. Total output from manufacturing has grown from \$4.16 billion in 2019 to \$4.63 billion in 2021. It's important to note that much of this growth occurred during the pandemic and a downturned economy. These results demonstrate a strong return on investment for North Dakota.

Manufacturers help drive and diversify North Dakota's economy; however, workforce shortages present a significant challenge to growing or simply maintaining operations. Manufacturers have been utilizing automation as a solution. According to the Department of Commerce, the Automation Tax Credit has had high demand with over \$34 million of approved equipment purchases since 2019. While companies may receive up to a 20% credit, they've only been receiving an average of 8.68% due to oversubscription of the program.

One of GNDC's policy goals regarding workforce is to augment strategic resources for automation, recognizing it is an important tool to address workforce challenges. From a business climate perspective, we feel that advancing automation through targeted incentives helps position North Dakota to be globally competitive.

We strongly urge a do pass on HB 1168. Mr. Chairman and members of the Committee, this concludes my comments. Thank you and I'd be happy to answer any questions.